

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SALT RIVER RURAL ELECTRIC)	
COOPERATIVE CORPORATION FOR AN ORDER)	
AUTHORIZING SAID CORPORATION TO BORROW TWO)	
MILLION THREE HUNDRED THOUSAND DOLLARS)	
(\$2,300,000) FROM THE CO-BANK NATIONAL BANK)	
FOR COOPERATIVES; AND TO EXECUTE A NOTE FOR)	
SAID SUM TO THE CO-BANK NATIONAL BANK FOR)	
COOPERATIVES, SAID NOTE TO BE EXECUTED BY)	
THE CORPORATION AND DELIVERED TO THE CO-BANK)	
NATIONAL BANK FOR COOPERATIVES, AND TO)	
BORROW FIVE MILLION, THREE HUNDRED AND)	CASE NO.
SIXTY-SIX THOUSAND DOLLARS (\$5,366,000) FROM)	91-427
UNITED STATES OF AMERICA, SAID NOTE TO BE)	
ISSUED UNDER AND SECURED BY A MORTGAGE TO BE)	
EXECUTED BY THE CORPORATION AND DELIVERED TO)	
UNITED STATES OF AMERICA; THE PROCEEDS TO BE)	
USED IN THE BUILDING AND ERECTING OF)	
SIXTY-EIGHT AND FIFTY HUNDREDTHS (68.50))	
MILES OF DISTRIBUTION LINES AND UPGRADING)	
THIRTY-SIX AND EIGHTY HUNDREDTHS (36.80))	
MILES OF DISTRIBUTION LINE IN BULLITT,)	
MARION, NELSON, SPENCER, WASHINGTON,)	
JEFFERSON, SHELBY, ANDERSON, MERCER AND)	
LARUE COUNTIES IN KENTUCKY AND TO GRANT THE)	
APPLICANT A CERTIFICATE OF PUBLIC CONVEN-)	
IENCE AND NECESSITY THEREFORE)	

INTERIM ORDER

Salt River Rural Electric Cooperative Corporation ("Salt River") filed its application on January 22, 1992 for a Certificate of Public Convenience and Necessity to construct certain improvements and additions to its existing plant, for approval to borrow \$2,300,000 from the Co-Bank for Cooperatives ("Co-Bank"), and to execute its notes to secure such loan.

In support of its application, Salt River filed its 1991-1992 Work Plan, which describes in detail the improvements and additions to plant that are required over the next 2 years to service its load. These improvements and additions are estimated to cost \$7,665,970 and will be financed by loans of \$5,366,000 from the Rural Electrification Administration ("REA") and of \$2,300,000 from Co-Bank.

Salt River seeks authorization to construct extensions and additions to its plant as follows:

A. New Member Additions (100 Series)	\$ 2,480,000
B. Conversion and Line Changes	2,294,020
C. Transformers and Meters	1,009,750
D. Increased Service Capacity	360,000
E. Sectionalizing Equipment	91,700
F. Regulators	127,000
G. Capacitors	23,000
H. Pole Replacement	798,000
I. Pole Changes for Added Clearance	336,000
J. Underground Cathodic Protection	10,000
K. Security Lights	<u>136,500</u>
TOTAL	\$ 7,665,970

The proposed construction will enable Salt River to continue to provide adequate and dependable service to its customers. The system improvements recommended in this Work Plan will not duplicate existing facilities and are needed to correct voltage problems, provide for increased load growth, improve phase balance and improve service reliability.

Salt River has advised the Commission that REA and Co-Bank have yet to issue final authorization for the proposed loans. Therefore, the Commission will defer rulings on the proposed borrowing from Co-Bank. Salt River should notify the Commission when it has received the requisite final loan approvals from REA and Co-Bank. Its request for authorization to borrow from Co-Bank will be considered at that time.

Based on the evidence of record and being otherwise sufficiently advised, the Commission finds that public convenience and necessity require the construction by Salt River of the improvements and additions to its existing plant as described in its 1991-1992 Work Plan.

IT IS THEREFORE ORDERED that:

1. Salt River be and it hereby is granted a Certificate of Public Convenience and Necessity to proceed with the construction and addition as set forth in its 1991-1992 Work Plan.

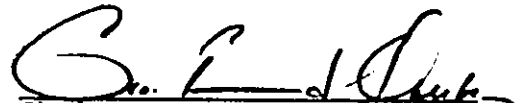
2. Salt River's application for authorization to borrow \$2,300,000 from Co-Bank and to execute notes to secure such loan is continued generally.

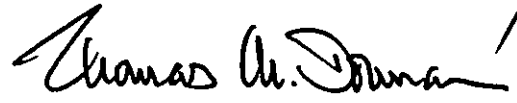
3. Salt River shall inform the Commission every 60 days of the status of its loan from Co-Bank until it receives final loan approval.

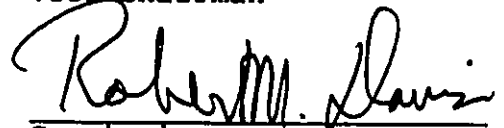
4. Within 10 days of its receipt of final loan approval, Salt River shall notify the Commission in writing of the final loan approvals received from REA and Co-Bank.

Done at Frankfort, Kentucky, this 23rd day of March, 1992.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director